

(1) SUBJECT TO THE PROVISIONS OF THIS SECTION, A LENDER MAY REQUIRE A BORROWER:

(i) TO INSURE ANY TANGIBLE PERSONAL PROPERTY WHICH IS SECURITY FOR A LOAN, EXCEPT HOUSEHOLD GOODS, AGAINST ANY SUBSTANTIAL RISK OF LOSS, DAMAGE, OR DESTRUCTION; AND

(ii) TO OBTAIN LIFE AND ACCIDENT AND HEALTH INSURANCE, BUT ONLY ON ONE PERSON OBLIGATED ON ANY ONE LOAN.

(2) A LENDER MAY NOT REQUIRE THAT THE INSURANCE BE PURCHASED THROUGH A PARTICULAR BROKER, AGENT, OR INSURANCE COMPANY.

(3) THE LENDER MAY:

(i) ASSIST AN APPLICANT OR ACT WITH HIM IN FORWARDING AN APPLICATION TO A BROKER OR AGENT; AND

(ii) RECEIVE AND TRANSMIT PREMIUMS OR OTHER IDENTIFIABLE CHARGES FOR THE INSURANCE.

(4) IF PREMIUMS OR OTHER IDENTIFIABLE CHARGES FOR THE INSURANCE ARE PAID BY THE LENDER, HE MAY:

(i) DEDUCT THEM FROM THE PROCEEDS OF THE LOAN; OR

(ii) INCLUDE THEM AS PART OF THE PRINCIPAL OF THE LOAN.

(5) A LENDER MAY BE COINSURED OR PROTECTED TO THE EXTENT OF HIS INTEREST BY A MORTGAGEE CLAUSE.

(B) LIMITATION ON INSURANCE COVERAGE.

(1) THE AMOUNT OF PROPERTY INSURANCE MAY NOT EXCEED THE REASONABLE VALUE OF THE PROPERTY INSURED, AND THE TERMS AND CONDITIONS OF THE INSURANCE POLICY SHALL BE REASONABLE AND APPROPRIATE IN RELATION TO THE PARTICULAR LOAN TRANSACTION.

(2) THE INITIAL AMOUNT OF LIFE INSURANCE MAY NOT EXCEED THE ORIGINALLY SCHEDULED TOTAL OF PAYMENTS UNDER THE LOAN CONTRACT. IF THE LOAN IS REPAYABLE IN SUBSTANTIALLY EQUAL INSTALLMENTS, THE AMOUNT OF LIFE INSURANCE AT ANY TIME MAY NOT EXCEED THE THEN SCHEDULED UNPAID TOTAL OF PAYMENTS.

(3) ACCIDENT AND HEALTH INSURANCE SHALL PROVIDE FOR: